

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
GREENVILLE DIVISION**

In Re:

CAH ACQUISITION COMPANY # 3, LLC,
d/b/a Horton Community Hospital,

Debtor.

Case No. 19-01180-5-JNC

Chapter 11

**DEBTOR'S EMERGENCY MOTION FOR AND CONSENT TO
APPOINTMENT OF CHAPTER 11 TRUSTEE**

The Debtor, by and through its proposed counsel of record, requests that the Court appoint Thomas W. Waldrep, Jr. as the Chapter 11 trustee in this case, pursuant to the provisions of 11 U.S.C. § 1104(a)(2). In support of this motion, the Debtor states as follows:

1. The Debtor filed its voluntary Chapter 11 petition on March 14, 2019.
2. The Debtor owns and operates a critical access hospital in Horton, Kansas.
3. Pending in this Court is the involuntary Chapter 7 bankruptcy case of the Debtor's related and affiliated entity, CAH Acquisition Company # 1, LLC, d/b/a Washington County Hospital (case no. 19-00730-5-JNC), filed on February 19, 2019. No order for relief has been entered in that case. On the request of the petitioning creditors in that case, Mr. Waldrep was appointed as the interim trustee and continues to serve in that capacity.
4. The Debtor is one of twelve (12) hospitals (including Washington County Hospital) (collectively, the "CAH Hospitals") with common ownership and integrated management through a related entity, iHealthcare, Inc. Each of the CAH Hospitals is owned by Health Acquisition Company, LLC (80% interest) and HMC/CAH Consolidated, Inc. (20%

interest). Mr. Waldrep, as interim trustee in the Washington County Hospital case, continues to utilize iHealthcare, Inc. in the management of the hospital.

5. Several of the CAH Hospitals are currently the subject of state court receiverships in other states in which receivers have been appointed at the request of creditors or other parties in interest. As a result of the appointment of the receivers, significant amounts of cash and anticipated revenues for the CAH Hospitals are unavailable to fund the ongoing operations of the CAH Hospitals.

6. In light of the deteriorating financial and operational status of the Debtor (and the other CAH Hospitals), the Debtor has determined that it is the best interests of the Debtor, its creditors, and other parties in interest (including patients) for Mr. Waldrep to also be appointed as the Chapter 11 trustee in the Debtor's case, subject to the Court's approval. Therefore, the Debtor requests and consents to the immediate appointment of Thomas W. Waldrep, Jr. as Chapter 11 trustee in this case, pursuant to § 1104(a)(2) of the Bankruptcy Code.

7. Counsel for the Debtor has conferred with Mr. Waldrep about his appointment as the trustee in this case, and Mr. Waldrep has agreed to such appointment.

WHEREFORE, the Debtor consents to and requests that the Court appoint Thomas W. Waldrep, Jr. as the Chapter 11 trustee in this case on an emergency, *ex parte* basis pending notice and hearing to the extent required by the Court pursuant to § 1104(a) of the Bankruptcy Code.

Dated: March 14, 2019

/s/ Rayford K. Adams III
Rayford K. Adams III (NC Bar No. 8622)
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CERTIFICATE OF SERVICE

I hereby certify that the foregoing **DEBTOR'S EMERGENCY MOTION FOR AND CONSENT TO APPOINTMENT OF CHAPTER 11 TRUSTEE** was filed electronically in accordance with the local rules and was served upon those listed in **Exhibit A** on the date set forth by first class mail or by electronic service through CM/ECF.

Dated: March 14, 2019

/s/ Rayford K. Adams III

Rayford K. Adams III (NC Bar No. 8622)
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EXHIBIT A

VIA CM/ECF / E-MAIL		
<p>Marjorie K. Lynch 434 Fayetteville St. Suite 640 Raleigh, NC 27601 <i>Bankruptcy Administrator</i></p>	<p>Terri L. Gardner Nelson Mullins Riley & Scarborough, LLP 4140 Parklake Avenue, Suite 200 Raleigh, NC 27612 <i>Counsel for Petitioning Creditors</i></p>	<p>Katherine M. McCraw Assistant Attorney General N.C. Department of Justice Post Office Box 629 Raleigh, NC 27602-0629 <i>Counsel for NC DHHS/DHB</i></p>
<p>Thomas W. Waldrep, Jr. Waldrep LLP 101 S Stratford Road, Suite 210 Winston-Salem, NC 27104 <i>Trustee</i></p>		
VIA U.S. MAIL		
<p>CAH Acquisition Company #1, LLC c/o Corporation Service Company, Registered Agent 2626 Glenwood Avenue, Suite 550 Raleigh, NC 27608</p>	<p>CAH Acquisition Company #1, LLC c/o Hospital Management Consulting, LLC Attn: Lawrence J. Arthur 4254 N. Oak Trafficway Kansas City, MO 64116</p>	<p>James W. Schaffer, President CAH Acquisition Company #1, LLC 958 US Highway 64 East Plymouth, NC 28962</p>
<p>Dennis L. Davis, Esq. Stinson Morrison Hecker LLP 1201 Walnut, Suite 2900 Kansas City, MO 64106</p>	<p>Shane Reed Director/Credit A/R Escalation Finance Medline Industries, Inc. Three Lakes Drive Northfield, IL 60093</p>	<p>Curtis S. Potter Washington County, County Manager/Attorney PO Box 1007 Plymouth, NC 27962</p>
<p>Robert Venable, M.D. PO Box 1026 Plymouth, NC 27962</p>	<p>Frank Smith, Esq. FMS Lawyer PL 9900 Stirling Road, Suite 226 Cooper City, FL 33024</p>	<p>Eric L. Johnson Spencer Fane LLP 1000 Walnut, Suite 1400 Kansas City, MO 64106</p>
<p>U.S. Bankruptcy Court 300 Fayetteville Street, 4th Floor P.O. Box 791 Raleigh, NC 27602-0791</p>	<p>Baxter Healthcare 1 Baxter Pkwy, DE3-2E Deerfield, IL 60015-4633</p>	